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Message Text

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65
ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /105 W
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R 301503Z JUL 75
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 7582

UNCLAS GUATEMALA 4011

E.O. 11652: N/A
TAGS: ETDR, GT
SUBJECT: GUATEMALAN EXPORT CONTROLS AND TAXES

REF: A) STATE 146681

INFORMATION FOLLOWS ON EXPORT CONTROLS AND TAXES IMPOSED BY
GOG DURING LAST FIVE YEARS (1971-75).

A. CONTROL
1. EXPORTS PROHIBITED

ITEM	YEAR OF PROHIBITION	REASON/S (DEYED TO THOSE LISTED IN PARA. 3 E IN REFTEL.
A. CITRONELLA, LIMON GRASS	1948	3
B. HIDES	1954	1, 3
C. ALIIGATOR SKINS	1958	8
D. ORCHIDS	1958	8
E. DIOSCOREA & AMARYLLIDACEAE (BULBS AND SEEDS)	1958	3
F. QUEZTAL BIRDS (LIVE OR STUFFED)	1958	8
G. COFFEE BERRIES	1962	3, 7

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H. PRODUCTS CONTAINING

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CYCLAMATES 1969 5
I. TURTLES 1971 4
J. LIVE CATTLE (COMMERCIAL
OR GRADE 1972 1,3,7
K. HUMAN PLASMA 1972 1
L. LUMBER 1974 1,2,3
M. METAL SCRAP 1974 1,2
N. COTTON-SEED OIL 1975 1,2
(REASON 8 CITED ABOVE RELATES TO FACT ITEMS ARE
ENDANGERED SPECIES.)

2. EXPORT LICENSES REQUIRED
ITEM YEAR REASON
A. SESAME SEED 1948 1,3,7
B. DOVES 1958 8
C. COINS, BARS, INGOTS 1969 1
D. BEEF (SUBJECT TO ANNUAL
QUOTA SET BY MINISTRY OF
ECONOMY) 1972 1,3
E. CATTLE, LIVE (PUREBRED) 1972 1,2
F. PROCESSED FOOD NOT DULY
REGISTERED 1973 7
G. COTTON 1973 7
G. COTTON 1973 7
H. PAPER WASTE 1973 1,2
I. LEATHER SOLES (CATTLE) 1973 1,2,3
J. RICE 1974 1,2
K. CACAO BEANS (SUBJECT TO ANNUAL
PERCENTAGE OF DOMESTIC PRODUCTION
SET BY MINISTRY OF ECONOMY) 1974 1,2,3
L. BASIC GRAINS (CORN, BEANS, WHEAT,
RICE) 1974 1,2
M. BRAN 1975 1,2
N. COTTON-SEED HULLS 1975 1,7
O. MILLED CEREALS 1975 1,2
P. ANIMAL FEED 1975 1,2
Q. CREAM, FRESH 1975 1,2
R. MEAT FLOUR 1975 1,2
S. COTTON-SEED FLOUR OR CAKE 1975 1,2
T. EGGS 1975 1,2
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U. MILK, FRESH 1975 1,2
V. SAWN WOOD 1975 1,2,3
W. MOLASSES 1975 1,2
X. COTTON-SEED 1975 3
Y. CHEESE 1975 1,2
Z. COTTON-SEED MEAL 1975 1,2

3. EXPORTS CONTROLLED BY PRODUCER COUNCILS

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UNDER GOG AUTHORITY TO ENSURE ADEQUATE SUPPLY FOR
INTERNAL CONSUMPTION ACCORDING TO TOTAL PRODUCTION,
STOCKS ON HAND, ESTIMATE OF LOCAL CONSUMPTION REQUIRE-
MENTS, AND EXPORT DEMAND.

ITEM	YEAR	REASON
ESSENTIAL OILS	1948	1,7
HONEY	1958	1,7
MOLASSES, CRUDE BROWN SUGAR (PANELA)	1958	1,3
COFFEE	1962	5,7
SUGAR	1971	1,7
RUBBER	1973	3,7

B. TAXES
1. GOG INTRODUCED A REFORM (MAY 27, 1974) TO TAX "EXCESS
PROFITS" O EXPORTATION OF FIVE TRADITIONAL PRODUCTS:
COFFEE, COTTON, SUGAR, BEEF AND SHRIMP. FIRST TWO ALREADY
PAY DUTIES. FIRST FOUR WERE SUBJECT TO GOVERNMENT CONTROLS
ON EXPORTS. ALL REQUIRE EXPORT LICENSE.
NEW TAX (SEE USDA-FAS REPORT GT-4019, JULY 5, 1974 FOR
DETAILS) IS ON GROSS INCOME FROM EXPORT, NOT NET INCOME,
AND THUS TAISES PRODUCTION COSTS, SQUEEZES PROFITS.

2. OTHER PRODUCTS TAXED ARE:
A. BANANAS - PRODUCED ON PACIFIC COAST PAY TWO CENTS
PER STEM; ATLANTIC COAST PAY ONE CENT PER STEM.
NO SIGNIFECANT COMMERCIAL EXPORT FROM PACIFIC COST;
NEITHER TAX MENAINGFUL.
B. CHICLE - $5.00 PER HUNDRED-POUND BLOCK OF RAW
CHICLE.
C. SAWN WOOD - MAHOGANY, CEDAR AND CONIFER SPECIES
PAY 20 PERCENT OF FOB PRICE. CONIFER RAILROAD
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TIES PAY 5 EPERCENT OF FOB PRICE.

C. EFFECT OF EXPORT CONTROLS AND TAXES ON TRADE.
EXPORT CONTROLS/TAXES ARE RELATIVELY LIGHT IN GUATE-
MALA, A COUNTY WITH LONG HISTORY IN AND DEPENDENCE ON EXPORT,
INTERESTED IN EXPANDING EXPORTS, AND SUPPORTIVE OF
PROVATE-SECTOR ACTIVITY IN FOREIGN TRADE. CONTROLS
ARE LARGELY TO AVOID DEPRIVATION OF SUPPLY TO DOMESTIC
MARKETS AND TO AUGUMENT EXPORT OF PORCESSED GOODS AS
AGAINST RAW. EXPORT TAXES ARE MOSTLY NEW AND ARE AIMED
TO PRODUCE GOVERNMENT REVENUE. IN RESPONSE TO PRIVATE-
SECTOR OPPOSITION TO EXPORT TAXES, RATES HAVE BEEN KEPT
LOW. CONTROLS AND TAXES ON EXPORTS HAVE BEEN ONLY MAR-
GINALLY INHIBITIVE. WE DO NOT SEE THEY HAVE RESULTED
IN ANY SIGNIFICANT DISTORTION OF INTERNAIONAL TRADE

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OR HAVE HAD ANY SIGNIFICANTLY ADVERSE EFFECT ON US-GUATEMALA
TRADE.
IN THIS REGARD, RELATIVE SIZE OF GUATEMALA EXPORTS SHOULD
BE CONSIDERED; EVEN COFFEE, FROM WHICH FLOW ONE THIRD OF
GUATEMALA'S EXPORT EARNING, REPRESENTS NOT MUCH MORE
THAN 5 PERCENT OF TOTAL COFFEE EXPORTED FROM LATIN AMERICA.
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